

NATIONAL DAIRY MARKET AT A GLANCE

At the Chicago Mercantile Exchange (CME), Grade AA butter decreased 5 cents to \$1.0300, Grade A decreased 6 cents to \$0.9500, and Grade B decreased 8 cents to \$0.9300. Also at the CME, barrel cheese is unchanged at \$1.3350 and 40# blocks increased 1/4 cents to \$1.3925.

According to ERS and AMS, commercial disappearance of dairy products during the 3 month period of April- June 1997 totals 39.0 billion pounds, 2.0% lower than the comparable period in 1996. Comparing disappearance levels with a year ago: nonfat dry milk is 33.2% lower, butter is 14.5% lighter, American cheese is 3.9% lower, fluid milk products are up 0.2%, and other cheese is 1.2% heavier.

According to ERS, heavy commercial stocks, particularly of nonfat dry milk and American cheese, loom as the greatest threat to additional recovery in prices of milk and dairy products. July 1 holdings were more than 1 billion pounds, milk equivalent, above a year earlier--a significantly larger supply boost than the expected second-half increase in milk production. Although further seasonal price rises are anticipated, they probably will be fairly modest unless stocks can be reduced sharply and quickly. July 1 stocks of American cheese varieties were 18% higher than a year earlier, far outweighing the small decline in holdings of other varieties. Manufacturers' stocks of nonfat dry milk on July 1 were more than double those of a year earlier and even much larger than the heavy stocks of mid-1995. Stocks of butter on July 1 were twice the level reported for a year earlier.

Class I milk demand has improved greatly throughout the country as schools begin their new term. Milk production patterns are mixed. In the Northeast, production is easing lower, while in the Southeast, it is dropping rather quickly where temperatures remain high. Imports to Southeastern states are heavier. Florida handlers report having ordered 196 loads to be shipped in, but they still need additional loads. In the Northeast, fluid milk supplies are tighter as some handlers are shipping milk to the deficit areas. In the Midwest,

milk supplies tightened further this week as they are very active in shipments around the country. Milk production is stronger in California as moderate weather returns. Several contacts are reporting that milk levels are reapproaching seasonal peaks. The mild weather and abundance of good quality feed are both contributing to the resurgence of milk. In New Mexico, milk producers are contending with wet weather conditions as rains continue. Moderate rainfall has broken the prolonged dry spell that had been causing some problems in the coastal regions of the Pacific Northwest. Cream prices are generally lower, reflecting lower butter prices at the Chicago Mercantile Exchange.

Nonfat dry milk prices are steady to slightly lower. Production remains active in the West. Several producers are lowering prices in attempts to move growing inventories. CCC offerings continue and another Western producer offered NDM to the CCC this week. DEIP orders continue to be filled. The buttermilk powder market prices are unchanged and the market tone is weaker. Dry whey prices are steady to slightly higher. Domestic interest is about steady, but export sales are slowing at a faster rate as prices are too high when competing with European whey offers.

During the week of August 25 - 29, CCC net dairy product purchases under the price support program were 2,528,570 lbs of Western nonfortified NDM.

CORRECTION: The change from the previous year in milk receipts used in Class I for the Southwestern Idaho-Eastern Oregon in July on page 12 of last week's report should be -3.2%, instead of as printed.

SPECIAL THIS ISSUE

COMMERCIAL DISAPPEARANCE (PAGE 2)

CHEDDAR CHEESE, NDM, BUTTER, AND FLUID MILK FUTURES (PAGE 7)

INTERNATIONAL DAIRY MARKET NEWS (PAGE 8)

LIVESTOCK, DAIRY, AND POULTRY MONTHLY (PAGE 9)

DAIRY GRAPHS (PAGE 10)

AUGUST MONTHLY SUMMARY AND AVERAGES (PAGES 11-12)

BUTTERMARKETS**CHICAGO WHOLESALE**

Dollars per pound, trucklot, bulk in fiber boxes, delivered metropolitan area, prices include CCC purchase price whenever bulk butter is moving to CCC from the Midwest area.

GRADE	:	AUGUST 26	:	AUGUST 28	:	AUGUST 29
AA	:	\$1.0800 - 1.0900	:	\$1.0800 - 1.0900	:	\$1.0800 - 1.0900
	:	(-.0300) (-.0300)	:		:	
A	:	\$1.0100 - 1.0200	:	\$1.0100 - 1.0200	:	\$1.0100 - 1.0200
	:	(-.0200) (-.0200)	:		:	

() Change from previous price.

BUTTER HIGHLIGHTS: At the Chicago Mercantile Exchange, all grades of butter are sharply lower. A mixed tone to the market continues. Churning schedules are seasonally active. Cream supplies are building as school milk bottling standardization increases. Some butter producers are hesitant to take full advantage of the additional cream supplies due to high multiples and a weak market tone. Current buying interest is fair. Stocks of bulk and print butter are readily available.

CHEESE MARKETS**WISCONSIN ASSEMBLY POINTS**

Dollars per pound, standard moisture basis (37.8-39.0%), carlot/trucklot, F.O.B. plants or storage centers, prices include CCC purchase price whenever cheese is moving to CCC from the Midwest area.

CHEDDAR STYLES	:	AUGUST 25 - 29, 1997
BARRELS*	:	\$1.3250 - 1.3450 (NOMINAL)
	:	(-.0050) (-.0050)
40# BLOCKS	:	\$1.3900 - 1.4200 (NOMINAL)

() Change from previous week. * If steel, barrel returned.

CHEESE HIGHLIGHTS: The cheese market is generally steady. At the Chicago Mercantile Exchange, blocks advanced 1/4 cent to \$1.3925 in light trading. Barrels were unchanged at \$1.3350 in moderate trading. The increase in milk shipments to deficit areas in the Southeast for Class I (school milk) use has appreciably reduced cheese production and has tightened current cheese offerings. CCC market price cheese purchases for October delivery are found on page 13 of this report.

CHICAGO MERCANTILE EXCHANGE**BUTTER TRANSACTIONS ON FRIDAY, AUGUST 29, 1997**

(CARLOT UNIT = 40,000 - 42,000 LBS.)

GRADE	:	PRICE CHANGE	:	LAST SIGNIFICANT TRANSACTION - LST
AA	:	-.0500	:	\$1.0300 : SALE 08/29/97
A	:	-.0600	:	\$0.9500 : SALE 08/29/97
B	:	-.0800	:	\$0.9300 : OFFER 08/29/97

SALES: 23 CARS GRADE AA: 17 @ \$1.0100,
2 @ \$1.0150, 2 @ \$1.0200, 1 @ \$1.0250, 1 @ \$1.0300 (LST)
4 CARS GRADE A:
2 @ \$0.9400, 2 @ \$0.9500 (LST)

BIDS UNFILLED: 6 CARS GRADE AA:
1 @ \$0.9000, 1 @ \$0.8800, 1 @ \$0.8600, 1 @ \$0.8400,
1 @ \$0.8200, 1 @ \$0.8000

OFFERS UNCOVERED: 12 CARS GRADE AA: 4 @ \$1.0300,
1 @ \$1.0350, 2 @ \$1.0400, 2 @ \$1.0450, 3 @ \$1.0800
1 CAR GRADE B @ \$0.9300 (LST)

CHEESE TRANSACTIONS ON THURSDAY, AUGUST 28, 1997

(CARLOAD UNIT = 40,000-44,000 LBS.)

CHEDDAR STYLES	:	PRICE CHANGE	:	LAST SIGNIFICANT TRANSACTION
BARRELS	:	N.C.	:	\$1.3350 : SALE 08/28/97
40# BLOCKS	:	+.0025	:	\$1.3925 : SALE 08/28/97

SALES: 17 CARS BARRELS:
4 @ \$1.3400, 3 @ \$1.3450, 1 @ \$1.3425,
3 @ \$1.3375, 1 @ \$1.3325, 5 @ \$1.3350 (LST)
3 CARS 40# BLOCKS @ \$1.3925 (LST)

BIDS UNFILLED: 8 CARS 40# BLOCKS: 4 @ \$1.3900, 4 @ \$1.3925

OFFERS UNCOVERED: 17 CARS BARRELS:
8 @ \$1.3550, 1 @ \$1.3525, 5 @ \$1.3500,
2 @ \$1.3475, 1 @ \$1.3450

PRINT BUTTER MARKETS - GRADE AA**NORTHEAST**

Prices are three cents lower following the trading at last Friday's (8/22) session of the Chicago Mercantile Exchange. The market tone is still weak. Although churning activity is lighter, butter stocks are more than ample for current needs. Users, printers, speculators, and some producers "stocked up" early in the year and some of this butter is being offered to buyers and printers. Overall, demand for both bulk and print butter is just fair. As schools reopen for another year, retail demand is up slightly as shopping habits return to fall patterns. Also, as the summer season comes to an end, food service demand is slowing.

WHOLESALE PRICES: MIN 25 BOXES
DOLLARS PER POUND, DELIVERED EAST COAST CITIES

1/4 LB. PRINTS	: 1.2900-1.5375
1 LB. PRINTS	: 1.2050-1.3875
CHIPS/PATTIES	: 1.2675-1.4375
REDDIES	: 1.3425-1.5375
CONTINENTALS	: 1.4225-1.5975

CENTRAL

Print butter prices are generally 3 cents lower following the August 22 trading at the Chicago Mercantile Exchange. The market tone remains weak. Churning schedules are seasonally active, although some butter operations are hesitant to take on additional cream at this time due to the unsettledness of the market. Cream volumes, available to the churn, are heavier due to increased school bottling standardization. Stocks of bulk and print butter are reported to be in good balance for current needs. Now that the Labor Day holiday weekend is at hand and the unofficial end of the summer vacation season is here, overall food service and retail orders are lighter. Buyers are holding off placing large orders until they can assess inventories.

FOB CENTRAL STATES PLANTS: MIN 20,000 POUNDS, \$ PER POUND

1/4 LB. PRINTS	: 1.1800-1.5875
1 LB. PRINTS	: 1.1450-1.3075
CHIPS/PATTIES	: 1.1700-1.3800
REDDIES	: 1.2550-1.4900
CONTINENTALS	: 1.4100-1.6000

WEST

Butter prices moved lower in response to market changes on the CME on August 22. Sales activity is mixed as the trade moves from summer to fall buying patterns. Some buyers report good interest for both bulk and print butter, while others see the market slowing. Cream demand remains relatively good as ice cream plants continue to absorb good volumes of cream and cream cheese interest is just starting to build seasonally. Butter stocks are readily available from most sources in the West. Butter production is heavier than most producers had anticipated. There is an uneasy undertone to the market with some "older" butter coming out of storage.

WHOLESALE SELLING PRICES: DELIVERED WESTERN CITIES
150 - 1000 POUNDS, DOLLARS PER POUND

1/4 LB. PRINTS	: 1.3625-1.4100
1 LB. PRINTS	: 1.2925-1.3525
PATTIES	: 1.3350-1.5000
REDDIES	: 1.4600-1.4775

FOB CALIFORNIA PLANTS - GRADE AA
100 CASES AND UP, DOLLARS PER POUND

1/4 LB. PRINTS	: 1.0775-1.1175
----------------	-----------------

WEEKLY COLD STORAGE HOLDINGS - SELECTED STORAGE CENTERS
IN THOUSAND POUNDS - INCLUDING GOVERNMENT STOCKS

	BUTTER	: CHEESE
	:	
08/25/97	30,486	: 121,129
08/01/97	38,383	: 125,407
CHANGE	-7,897	: -4,278
% CHANGE	-21	: -3

NASS CHEDDAR CHEESE PRICE SURVEY

WEEK ENDING	40# BLOCKS		640# BLOCKS		BARRELS (adjusted to 39% moisture)		
	MN/WI	WEST	U.S.	U.S.	MN/WI	OTH STATES	U.S.
AUGUST 22	1,263,221	2,918,394	4,240,633	2,121,344	2,419,166	5,552,773	7,971,939

Further data may be found on the Internet at: <http://usda.mannlib.cornell.edu/reports/nassr/price/cheddar/>

COMMERCIAL DISAPPEARANCE: TOTAL MILK AND SELECTED DAIRY PRODUCTS--APRIL-JUNE 1997 AND YEAR-TO-DATE 1996-971/

Item	Apr.-Jun. 1996	Percent change 4/	Apr.-Jun. 1997	Percent change 4/	Jan.-Jun. 1996	Percent change 4/	Jan.-Jun. 1997	Percent change 4/
	Million Pounds							
<u>MILK</u>								
Production	39,638	-2.2	40,630	2.5	78,691	-1.5	79,552	1.6
Marketings	39,268	-2.1	40,287	2.6	77,950	-1.5	78,869	1.7
Beginning Commercial Stocks 2/	5,570	16.4	5,243	-5.9	4,099	-3.8	4,704	14.8
Imports 2/	591	-6.5	580	-1.9	1,070	-17.1	1,152	7.7
Total Supply 3/	45,429	-0.2	46,110	1.5	83,119	-1.8	84,725	2.5
Ending Commercial Stocks 2/	5,566	1.3	6,779	21.8	5,566	1.3	6,779	21.8
Net Removals 2/	29	-96.1	287	889.7	49	-97.3	386	687.8
Commercial Disappearance 3/	39,834	1.4	39,044	-2.0	77,504	0.2	77,560	0.6
<u>SELECTED PRODUCTS 5/</u>								
Butter	301.7	5.0	258.0	-14.5	630.9	0.6	580.9	-7.4
American Cheese	823.5	4.4	791.0	-3.9	1,602.7	2.5	1,612.1	1.1
Other Cheese	1,038.0	2.2	1,050.6	1.2	2,014.7	1.0	2,067.9	3.2
Nonfat Dry Milk	323.8	39.2	216.3	-33.2	578.0	28.5	461.9	-19.7
Fluid Milk Products 6/	13,549.7	0.9	13,579.1	0.2	27,854.9	0.9	27,612.3	-0.3

1/ Commercial disappearance includes civilian and military purchases of milk and dairy products for domestic and foreign use, but excludes farm household use and USDA donations of dairy products. Disappearance is a residual figure and therefore can be affected by any inaccuracies in estimating milk production, on-farm use, stocks, and imports. 2/ Milk-equivalent, milkfat basis. Calculated using slightly different factors than previously. Further changes may be made as technical parameters become available. 3/ Totals may not add because of rounding. 4/ From year earlier on a daily average basis. 5/ Commercial disappearance in product pounds. 6/ Sales. Estimate based on actual sales in Federal milk order marketing areas and California. These sales figures have not been adjusted for calendar composition. **SOURCE:** Economic Research Service, USDA. Fluid milk products - Agricultural Marketing Service, USDA. This information is now available through AutoFAX. To request a document, dial (202) 219-1107 and enter document number 11521 when prompted.

CHEESE MARKETS

NORTHEAST

Prices are unchanged on natural items; fractionally lower on process items. The current high prices, plus continued strong milk production, and so-so demand are keeping the market tone unsettled. In the Northeast, cheese production is moderate. Mozzarella output is up as demand is improving seasonally. Cheddar production is steady to lighter. At current prices, less cheddar is being put into aging programs. Also, August Class III milk prices are expected to jump quite a bit which can and does affect cheese output. Demand for cheese is fair with best interest on mozzarella and process. Food service orders are lighter in resort areas as their "season" is coming to an end.

WHOLESALE SELLING PRICES: DELIVERED,
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Cheddar 10# Prints	:	1.2400-1.8725
Cheddar Single Daisies	:	1.2100-1.8775
Cheddar 40# Block	:	1.5275-1.6775
Process 5# Loaf	:	1.4225-1.6950
Process 5# Sliced	:	1.4325-1.7300
Muenster	:	1.5700-1.8875
Grade A Swiss Cuts 10 - 14#	:	2.2500-2.5050

MIDWEST

The cheese market is generally steady, though with an unsettled undertone. At the Chicago Mercantile Exchange on August 21, the 40 pound block price was unchanged at \$1.3900, but barrels decreased .5 cent to \$1.3350. Current cheese demand is mostly steady. Overall, buyers making commitments for cheese volumes for the next year are not increasing the levels for commodity types, including cheddar, as projected supplies are adequate. Buyers feel that spot prices next year may be lower on commodity cheese than on committed purchases or they may be able to more closely balance inventory with actual needs. Producers are mostly unable to increase premiums above current levels as alternative suppliers have product available. A few processors are seeking additional supplies of processing solids. Process sales are steady to occasionally slower, partially reflecting the slowdown expected after Labor Day from summer tourist outlets. Natural sales are steady to occasionally slightly improved. Milk and cheese production are unchanged to lower, reflecting the increased milk demand by school accounts.

WISCONSIN WHOLESALE SELLING PRICES: DELIVERED,
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Process American 5# Loaf	:	1.4975-1.6350
Brick And/Or Muenster 5#	:	1.6300-1.8475
Cheddar 40# Block	:	1.6400-1.9150
Monterey Jack 10#	:	1.8300-1.9150
Blue 5#	:	1.9925-2.1800
Mozzarella 5 - 6# (Low Moisture, Part Skim)	:	1.6900-1.9150
Grade A Swiss Cuts 6 - 9#	:	2.1000-2.4850

WEST

Prices are generally steady, but there is an uneasy undertone to the market. Demand is quite good for both barrels and blocks at this time. Buyers are making purchases to cover fall needs and perhaps to beat further price increases. Swiss cheese demand is good and the market appears firmer. Interest in mozzarella is picking up as schools start their fall seasons. Milk supplies are heavier than most producers had anticipated.

WHOLESALE SELLING PRICES: DELIVERED, DOLLARS PER POUND
(1000 - 5000 POUNDS MIXED LOTS)

Process 5# Loaf	:	1.4975-1.7775
Cheddar 40# Block	:	1.5725-1.7300
Cheddar 10# Cuts	:	1.7500-1.9125
Monterey Jack 10#	:	1.7150-1.8750
Grade A Swiss Cuts 6 - 9#	:	2.3375-2.5600

FOREIGN TYPE

Prices are unchanged and the market tone is steady to slightly improved. As schools reopen, shopping and consumption patterns return to more normal levels and demand for foreign type cheeses tends to improve. Stocks range from tight to adequate for current needs.

WHOLESALE SELLING PRICES: FOB DISTRIBUTORS DOCK
DOLLARS PER POUND (1000 - 5000 POUNDS, MIXED LOTS)

VARIETY	NEW YORK	
	IMPORTED	DOMESTIC
	:	:
Roquefort	: 5.5000-6.8900	: -0-
Blue	: 2.6400-3.1400	: 1.7250-2.3350
Gorgonzola	: 3.2400-5.9400	: 2.3900-2.4900
Parmesan (Italy)	: TFEWR	: 3.1350-3.1725
Romano (Italy)	: 2.1900-2.9000	: -0-
Provolone (Italy)	: 3.4400-5.5000	: 1.3975-1.9050
Romano (Cows Milk)	: -0-	: 2.9225-3.1750
Sardo Romano (Argentina)	: 2.6500-3.2900	: -0-
Reggianito (Argentina)	: 2.6500-3.2900	: -0-
Jarlsberg-(Brand)	: 2.7400-3.1200	: -0-
Swiss Cuts Switzerland	: -0-	: 2.2500-2.5050
Swiss Cuts Finnish	: 2.5900-2.8500	: -0-
Swiss Cuts Austrian	: 2.2500-2.7500	: -0-
Edam	:	:
2 Pound	: TFEWR	: -0-
4 Pound	: 2.1900-3.0900	: -0-
Gouda, Large	: 2.3900-3.1500	: -0-
Gouda, Baby (\$/Dozen)	:	:
10 Ounce	: 27.8000-31.7000	: -0-

* = Price change.

FLUID MILK AND CREAM

E A S T

Milk production is easing lower in most of the more northern areas, but it is dropping rather quickly in the Southeast where temperatures remain high. Fluid milk supplies are tighter and short of overall needs in Florida. At mid week, Florida handlers report having ordered 196 loads to be shipped into the state, but still report being unable to find an additional 30 - 35 loads that plants need. Imports to other Southeastern states are also heavier. This week, contacts report milk coming from Wisconsin, Michigan, New York, New England, Oklahoma, New Mexico, and other states. Florida contacts expect their needs for outside milk to continue for the next several weeks as they have not yet reached the low point in their annual milk production cycle. In the Northeast, fluid milk supplies are tighter as some handlers are shipping milk to the deficit areas. Also, most schools will be opening shortly after Labor Day. Bottlers are very active as they start or continue to fill school lunch program needs. The upcoming Labor Day weekend, typically a heavy manufacturing weekend, is expected to present few problems with regard to milk disposition. Manufacturing plant schedules are lighter. The condensed skim market is unchanged. Production is steady to lighter and demand is fair to good. The fluid cream market is mixed. Spot prices are lower because of the drop in butter prices and lower multiples. Less milk is moving to butter/powder plants which is causing tighter supplies of cream, but increased standardization at bottling plants is offsetting some of the tightness. Butter makers, fearing lower prices in the near future, are cutting back on churning schedules. Production of sour cream and cream cheese is increasing and clearing more cream. Ice cream production is slowing along seasonal patterns. As summer comes to a close, soft serve and hard ice cream sales are slowing. This is particularly evident in resort areas.

FLUID CREAM AND CONDENSED SKIM PRICES IN TANKLOT QUANTITIES

SPOT PRICES OF CLASS II CREAM, \$ PER LB BUTTERFAT

F.O.B. Producing Plants: Northeast	-	1.4948	-	1.6160
Delivered Equivalent Atlanta	-	1.4645	-	1.5655
F.O.B. Producing Plants: Upper Midwest	-	1.4645	-	1.5554

PRICES OF CLASS II CONDENSED SKIM, \$ PER LB WET SOLIDS

F.O.B. Producing Plants: Northeast	-	0.9500	-	1.0500
------------------------------------	---	--------	---	--------

M I D W E S T

WISCONSIN SPOT SHIPMENTS:

SPOT SHIPMENTS:	LOADS
AUGUST 11 - 28, 1997	61
PREVIOUS WEEK	0
COMPARABLE WEEK IN 1996	83

DESTINATIONS: ALABAMA 2, FLORIDA 37, GEORGIA 3, KENTUCKY 13, TENNESSEE 6

Class I demand has improved both within and outside the region as additional schools begin their new term. At least for a few local bottlers, schedules are expected to be little changed over the extended Labor Day weekend. Milk supplies tightened further this week. Besides acquiring the necessary fluid supplies, finding a useable tanker truck and/or driver(s) was a problem for more than one would-be shipper. Besides the milk shipments reported, about 60 loads of Wisconsin milk are "direct shipped" and pooled under a Southern Federal Order. Another 14 reported loads of Wisconsin milk are being shipped to Ohio. Other Upper Midwestern states were active in shipments to the Southeast: the Michigan volume was higher, reportedly about 30 loads sent

out of Minnesota, and at least 15 loads from Iowa. Manufacturing milk prices are generally higher as milk supplies are limited. Reported manufacturing milk prices start at more than \$2.00 over class. Manufacturing plant operators have adequate capacity for any extra milk that may be available over the holiday weekend. Cream prices are generally lower, reflecting lower butter prices at the Chicago Mercantile Exchange. Cream interest has been good during the week, though prospects are for increased supplies over the long holiday weekend with some users closed for an extended period. Ice cream production has been active though sales have moderated in some areas. Milk intakes are little changed from recent weeks, though trending lower. Further South in the region, continued summer heat has kept receipts sliding. Cool, often wet conditions through much of August have kept grass and pasture growth active in many northern states. Crop maturity has slowed and harvesting dry hay without rain has been difficult in recent weeks.

WISCONSIN LIVESTOCK AUCTIONS (PER CWT.)

	AUG 21 - 27	PREVIOUS YEAR
SLAUGHTER COWS	\$ 34.00- 38.00	\$ 31.00- 36.00
REPLACEMENT HEIFER CALVES	\$120.00-150.00	\$110.00-150.00

SOUTH ST. PAUL TERMINAL AUCTION MARKET (PER CWT.)

	AUG 21 - 27	PREVIOUS YEAR
SLAUGHTER COWS	\$ 34.00- 39.00	\$ 30.00- 35.75

W E S T

California pool receipts of milk in July total 2.27 billion pounds, virtually unchanged from last month on a daily average basis and up 14.2% from July 1996. Cumulative output for the first seven months of the year totals 15.2 billion pounds, up 10.7% from the same period in 1996. The blend price at a fat test of 3.48% is \$11.63. This is the lowest fat test since August of 1995. The percentage of receipts used in Class 1 products is 23.4. The July quota price is \$12.78, up 14 cents from last month but down \$2.32 from July 1996. Base and overbase prices for July are \$11.08, up 14 cents from June 1997. Milk production is stronger in California as moderate weather continues. Several contacts are reporting that milk levels are reapproaching seasonal peaks! The mild weather and abundance of good quality feed are both contributing to the resurgence of milk. Plants are expected to be running at or near capacity to handle additional milk supplies over the Labor Day weekend. Fluid orders have increased for school lunch program needs. In New Mexico, milk producers are contending with wet weather conditions as rains continue to plague widespread areas. Feedlot conditions are poor and causing cow health problems. Several producers are losing quality premiums as somatic cell counts climb. This is especially painful financially with current low milk prices. Cream prices are lower as butter prices declined and multiples are slipping. Moderate rainfall has broken the prolonged dry spell that had been causing some problems in the coastal regions of the Pacific Northwest. Some farmers are concerned that the current wet fields may delay the corn silage harvest that is expected to begin about two weeks earlier than normal. The rain is also causing some problems on the east side with the ongoing hay harvest. Good quality hay is hard to find at any price. Some buyers are not questioning the price if they can find the quality that they need. Cull cow prices remain depressed and heifer markets are in the doldrums. Temperatures are running up to 10 degrees above normal over much of the northern Mountain States region. Higher humidity levels are also accompanying the higher temperatures. Milk production is not being impacted by these conditions. Further south, rain is more common. Plants in the region continue to run on very heavy operating schedules.

CENTRAL AND WEST DRY MILK PRODUCTS

All reports, except California manufacturing plants, were released 08/28/97 and represent FOB Central and Western production areas. Prices represent CL/TL quantities in 50 lb., 100 lb., or 25 kg. bags, spray process, dollars per pound.

NONFAT DRY MILK - CENTRAL

Prices are unchanged and the market tone remains weak. NDM remains available from most producers in the region and often being discounted in attempts to move stocks. Production is declining with several plants either stopping or slowing output as fluid needs are being met. An abundance of offerings continues from resellers, western producers, and from the East. Demand is light and unaggressive. Stocks are abundant.

Includes EXTRA GRADE and GRADE A, all heat treatments

NONFAT DRY MILK: 1.0500 - 1.0950 MOSTLY: 1.0550 - 1.0650

DRY BUTTERMILK - CENTRAL

Buttermilk prices are unchanged but the market tone is weaker. Buyer interest is light and seasonally declining. The summer ice cream season has passed, especially for many soft serve and scoop shops in tourist areas with stocks in place for Labor Day weekend. Churning action is varied. Cream is going to cream cheese production and other avenues in the face of an unsettled butter market. Stocks are available for all needs.

BUTTERMILK: 1.0200 - 1.1050

DRY WHEY - CENTRAL

Prices are slightly higher and the market tone is steady to firm. Some producers are attempting to increase prices, but demand is unaggressive which is not typical for this time of year. Buyers are not always able to find whey at their plant of first choice, but resellers and selected plants have whey for sale. Export interest is light as prices are too high when competing with European whey offers. Whey prices in the West are declining. Whey movements to feed buyers are drastically slow. Feed contacts are also being inundated with offerings of lactose and feed lactose priced under the current whey market. Demand from food accounts is beginning to seasonally improve and more contracts will kick in. Producers' stocks are light to occasionally moderate.

NONHYGROSCOPIC: .2225 - .2375 MOSTLY: .2250 - .2300 1/

ANIMAL FEED WHEY - CENTRAL

No price changes were reported for any animal feed whey series. The market tone is more unsettled. Offerings of milk replacer and standard are limited and feed buying interest is unaggressive. Several contacts are watching the declining lactose market to work into formulations. Delactose supplies are adequate for all needs. Demand is seasonally fair.

MILK REPLACER: .1975 - .2200
STANDARD: TFEWR
ROLLER GROUND: .2275 - .2400
DELACTOSE (Min. 20% protein): .3350 - .3600

LACTOSE - CENTRAL AND WEST

Prices are unchanged and the market tone remains weak. Producer offerings are increasing and pricing levels are often being reduced in attempts to secure sales. Offers are coming from more producers. Demand is mainly limited to contract sales and a few spot purchases. Stocks remain excessive.

Including spot sales and up to 3 month contracts. Mesh size 30 - 100.

EDIBLE: .2000 - .2800 MOSTLY: .2100 - .2500

1/ Central whey price corrected.

WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST

WPC prices are declining and the market tone is unsettled to weaker. Producer offerings are increasing and being priced lower to stimulate interest and remain competitive with resale loads. Resellers are beginning to discount more. Demand is fair from food accounts, light from feed accounts. Stocks are ample to fill current needs.

EXTRA GRADE 34% PROTEIN: .6000 - .6400 MOSTLY: .6200 - .6300

NONFAT DRY MILK - WEST

Prices are mixed for the range on low/medium heat NDM, but the mostly range is declining on the bottom end. Several producers are lowering prices in attempts to move growing inventories. Production remains strong and has rebounded following the return of more moderate temperatures. CCC offerings continued at 3.6 million pounds last week. This week, another Western producer offered NDM to the CCC. Several producers remain adamant that they would rather sell commercially at lower prices than sell to the CCC at support. Buyer interest is sometimes improved if priced attractively. DEIP orders continue to be filled. High heat prices are unchanged. Demand is fair to good. Availability is sometimes limited as producers need to run near capacity to handle all the milk. No problems are anticipated processing milk over the Labor Day weekend.

Includes EXTRA GRADE and GRADE A

LOW/MEDIUM HEAT: 1.0300 - 1.0675 MOSTLY: 1.0350 - 1.0500
HIGH HEAT: 1.0575 - 1.0800

DRY BUTTERMILK - WEST

No changes were reported for dry buttermilk prices and the market undertone remains weak. Demand is seasonally slowing from ice cream accounts. Supplies are available from several producers in the region and resale offerings continue to appear. Churning action is often lower as cream is being shifted to other outlets if possible. The unsettled undertone of the butter market has many producers cautious of making butter. Stocks are light to moderate.

BUTTERMILK: 1.0000 - 1.0700 MOSTLY: 1.0000 - 1.0400

DRY WHEY - WEST

The Western whey market continues to have a weaker undertone developing. Domestic interest is about steady, but export sales are slowing at a faster rate. Sellers have reduced prices on their export offerings to keep powder moving. They are having some success with this strategy. Most producers are commenting that their whey production is above expectations. A few whey plants are experiencing some problems with whey quality and they are having to downgrade some of their powder into animal feed channels.

NONHYGROSCOPIC: .2050 - .2300 MOSTLY: .2075 - .2200

CALIFORNIA MANUFACTURING PLANTS

The weighted average price for Extra Grade and Grade A Nonfat Dry Milk for the seven day period ended August 22, on powder sales of 9,103,138 pounds f.o.b. California manufacturing plants was \$1.0556 per pound. This compares to 8,425,755 pounds at \$1.0527 for the previous week ending August 15, 1997. Prices for both periods were influenced by the effect of long-term contract sales. Compiled by the Dairy Marketing Branch, California Department of Food and Agriculture.

NORTHEAST, SOUTHEAST, AND NATIONAL MILK PRODUCTS

All reports represent carlot/trucklot quantities in 50 lb., 100 lb., or 25 kg. bags, spray process, dollars per pound, unless otherwise specified. Delivered Southeast is delivered equivalent Atlanta.

NONFAT DRY MILK - NORTHEAST AND SOUTHEAST

Prices are steady to lower. For the past week and a half, there have been many sales of Grade A powder at the low end of the range. Some scattered reports note that prices were occasionally near the one dollar level. These prices were for Grade A powder, but use is somewhat restricted. These low prices did rapidly clear the available powder. The market tone remains weak, but the lower priced powder did, temporarily stimulate a lot of demand. Production levels are lighter as more Grade A milk is moving to bottlers in the Southeast. Also, schools are opening in the Northeast and more milk is moving to Class I channels. Plant stocks are more than adequate to meet current needs.

Includes EXTRA GRADE and GRADE A, all heat treatments

F.O.B. NORTHEAST:	1.0200 - 1.1400
DELVD SOUTHEAST:	1.0500 - 1.1050

DRY BUTTERMILK - NORTHEAST AND SOUTHEAST

Prices and the market tone are mostly unchanged. Drying schedules, like churning activity, are often lighter. Producers' stocks are quite well balanced, but appear adequate to meet current needs. Demand is fair to occasionally good.

F.O.B. NORTHEAST:	1.0550 - 1.0800
DELVD SOUTHEAST:	1.0725 - 1.1400

DRY WHOLE MILK - NATIONAL

Prices are steady to higher again this week. The market tone is steady to improved. Production is steady to heavier depending on area of the country. In the Northeast, more milk is flowing to the Southeast to meet Class I needs and manufacturing schedules are often lighter. Out West, output is often steady to slightly heavier at plants with contracts to fill. Domestic demand is unchanged. Export interest is steady, but few new DEIP bids have been accepted during the past couple weeks.

F.O.B. PRODUCING PLANT:	1.2400 - 1.3000
-------------------------	-----------------

DEIP BID ACCEPTANCE SUMMARY

JULY 1, 1997 THROUGH AUGUST 22, 1997
WITH CHANGES FROM PREVIOUS REPORT

NONFAT DRY MILK	--	33,189	MT (73,168,469 LBS)
CHANGE	--	9,071	MT (19,997,926 LBS)
WHOLE MILK POWDER	--	648	MT (1,428,581 LBS)
CHEESE	--	429	MT (945,773 LBS)
CHANGE	--	168	MT (370,373 LBS)
BUTTERFAT	--	3,816	MT (8,412,754 LBS)
CHANGE	--	704	MT (1,552,038 LBS)

DRY WHEY - NORTHEAST AND SOUTHEAST

Prices and the market tone are unchanged. Some fractional changes within the ranges were noted, but most contacts feel that prices may be at the top of this particular cycle. Drying schedules are often lighter and less surplus milk is available to local cheese makers. Producers have little or no powder for spot sale and those that do are meeting slightly more price resistance. Resellers have powder for immediate delivery, but they too are seeing more price resistance. Demand is lackluster.

F.O.B. NORTHEAST:	EXTRA GRADE	.2250 - .2350
	USPH GRADE A	.2350 - .2500
DELVD SOUTHEAST:		.2400 - .2725

ANIMAL FEED WHEY - NORTHEAST

Prices and the market tone are unchanged. Milk replacer and Extra Grade offerings are limited from producers; adequate from resellers. Demand is sluggish as buyers are holding off on spot purchases.

F.O.B. NORTHEAST: MILK REPLACER	.2050 - .2150
---------------------------------	---------------

EVAPORATED MILK - NATIONAL

The market tone and prices are unchanged. Production levels are often lighter as milk supplies are tighter. In some areas, Grade A milk is moving to the Southeast to meet their shortages. This is causing lighter receipts at evaporated milk plants. Demand is still fair, but anticipated fall needs are being looked at. Producers' inventories are moderate and building.

DOLLARS PER 48 - 12 FLUID OUNCE CANS PER CASE DELIVERED	
MAJOR U.S. CITIES	\$22.50 - 33.00

Excluding promotional and other sales allowances. Included new price announcements.

CASEIN - NATIONAL

Casein markets are much the same as they have been during the past few weeks. As the fourth quarter approaches, inquiries are mixed. Some are holding off placing orders while other have made commitments. Prices for the fourth quarter are the biggest cause for hesitancy. As of now, indications are that prices will be holding close to current reported ranges. Stocks of casein are fully sufficient for current and future needs.

SPOT SALES AND UP TO 3 MONTH CONTRACTS. PRICES ARE FOR EDIBLE NONRESTRICTED AND VARY ACCORDING TO MESH SIZE AND QUALITY.

RENNET:	2.2000 - 2.2800
ACID:	2.0000 - 2.1000

COFFEE, SUGAR, & COCOA EXCHANGE AND CHICAGO MERCANTILE EXCHANGE FUTURES

Selected settling prices, (open interest), and volume 1/

Month	08/14	08/15	08/18	08/19	08/20	08/21	08/22	08/25	08/26	08/27
CSCE CHEDDAR CHEESE -- Cents per pound										
AUG 97	138.00 (4) 0	138.00 (4) 0	139.80 (0) 4	137.00 (0) 0	138.00 (0) 0	138.00 (0) 0				
OCT 97	134.70 (8) 0	134.70 (8) 4	136.50 (12) 0	133.00 (12) 0	134.00 (12) 0	134.00 (12) 0	133.80 (12) 0	133.50 (12) 0	132.50 (12) 0	133.00 (12) 0
FEB 98	122.10 (0) 0	122.10 (0) 0	122.10 (0) 0	122.10 (0) 0	123.10 (0) 0	123.10 (0) 0	122.90 (0) 0	122.60 (0) 0	122.10 (0) 0	122.80 (0) 0
CSCE - NONFAT DRY MILK -- Cents per pound										
AUG 97	104.60 (67) 0	104.60 (67) 0	104.60 (67) 0	104.60 (67) 0	103.00 (65) 14	101.50 (65) 8				
OCT 97	106.50 (4) 0	105.90 (4) 0	105.90 (4) 0	105.90 (4) 0	104.30 (4) 0	102.80 (4) 0	102.80 (4) 0	102.80 (4) 0	102.80 (4) 0	102.80 (4) 0
CSCE - FLUID MILK -- Dollars per cwt.										
AUG 97	14.20 (13) 1	14.20 (12) 0	14.15 (12) 0	14.25 (12) 0	14.15 (12) 2	14.50 (8) 4				
OCT 97	14.45 (12) 1	14.45 (12) 0	14.55 (12) 0	14.50 (12) 0	14.55 (12) 0	14.54 (12) 0	14.45 (12) 0	14.60 (12) 1	14.45 (11) 0	14.43 (11) 0
FEB 98	13.65 (0) 0	13.45 (0) 0	13.55 (0) 0	13.50 (0) 0	13.50 (0) 0	13.45 (0) 0	13.36 (0) 0	13.51 (0) 0	13.36 (0) 0	12.90 (0) 0
CSCE - BUTTER - Cents per lb.										
AUG 97	106.50 (137) 0	105.30 (137) 0	104.50 (97) 40	104.00 (49) 83	102.50 (45) 0	98.50 (45) 0				
OCT 97	106.80 (14) 0	104.00 (14) 0	103.20 (18) 4	102.70 (18) 0	102.50 (18) 0	98.50 (18) 0	98.50 (18) 0	98.80 (18) 0	88.75 (18) 0	94.00 (18) 0
DEC 97	84.30 (16) 0	81.50 (16) 0	80.70 (16) 0	80.20 (16) 0	80.00 (16) 0	82.00 (16) 0	82.00 (16) 0	82.30 (16) 4	82.00 (20) 0	82.00 (20) 0
CSCE - BFP -- Dollars per cwt.										
AUG 97	12.05 (452)4	12.01 (459) 5	12.03 (438)9	12.01 (458)0	12.00 (438)7	11.95 (416)24	11.97 (416) 2	11.92 (424)15	11.93 (424)10	11.93 (425) 3
OCT 97	12.63 (383)6	12.63 (378)3	12.63 (380)0	12.58 (380)6	12.56 (373)1	12.58 (372)1	12.53 (372)0	12.45 (355)30	12.44 (366)15	12.49 (366) 6
FEB 98	11.84 (54) 0	11.84 (54) 0	11.85 (54) 0	11.75 (54) 0	11.78 (54) 0	11.75 (54) 0	11.75 (54) 0	11.65 (54) 0	11.68 (54) 0	11.68 (55) 26
CME - BUTTER -- Cents per pound										
SEP 97	110.75 (0) 2	109.50 (159) 2	108.50 (159)9	107.00 (160)1	105.50 (158) 4	104.00 (157) 4	103.50 (155) 3	101.00 (155) 0	96.57 (156)2	96.00 (152) 41
NOV 97	98.00 (0) 2	98.50 (32) 2	98.00 (34) 7	97.00 (34) 0	96.00 (34) 0	95.00 (34) 3	92.50 (34) 0	90.00 (33) 1	88.00 (36) 6	89.00 (36) 5

1/ Open interest for NDM and cheddar -- 4 contracts equal 40,000 pounds. Open interest for fluid milk (at both exchanges) -- 1 contract equals 50,000 pounds. For more detailed information, you may call our automated voice system at 608-224-5088 or the CSCE's Soft Fax at 212-742-6111.

INTERNATIONAL DAIRY MARKET NEWS

Information gathered August 18 - 29, 1997

Prices are U.S. Dollars per MT, F.O.B. port. Information gathered for this report is from trades, offers to sell, and secondary data. This bi-weekly report may not always contain the same products and/or regions. Future reports may be included or withdrawn depending on availability of information. MT = metric ton = 2,204.6 pounds.

WESTERN/EASTERN EUROPE

OVERVIEW - WESTERN EUROPE: Trading activity out of Europe remains quiet and unaggressive. Although international trading is occurring, no major thrust is developing as of yet. Some European dairy product handlers are surprised at the slow international buyer interest. One opinion was that the world market is becoming more self-sufficient and the markets and needs of a few years ago are not as demanding. Although this is the case in some areas, potential new markets continue to open. Other handlers remain patient and anticipate sales in the near future. Milk production in most areas of Western Europe is showing signs of seasonal decreases. Late summer hot temperatures are enhancing the seasonal decline. In instances, milk volumes are declining at a faster rate than some manufacturers would desire. Overall stocks levels are sufficient, but many producers would feel better if their inventory levels would be heavier. With overall sales slow, manufacturers are somewhat more at ease, knowing that their inventories are being maintained for potential future sales.

BUTTER/BUTTEROIL: European butter markets remain firm. Prices are steady to generally higher. Overall buying interest is light. Most producers are comfortable with the lighter demand at this time so that they can continue to build inventories. Inventory building is slowing down due to the seasonal decline in milk production. European traders are also questioning potential Russian butter needs as the winter season approaches.

82% BUTTERFAT:	1,800 - 1,900
99% BUTTERFAT:	2,250 - 2,300

SKIM MILK POWDER (SMP): Skim powder prices are steady to firm. Stocks of skim powder are reported to be sufficient for current light export buyer interest. At this time, most traders are content with light buyer interest and are holding inventories for future sales. Production of powder remains quite active as seasonally declining milk volumes are destined for butter/powder operations. European traders have mixed opinions as to inventory availability for future sales. Unsure of any sizable demand, traders are questioning if they have sufficient volumes for future needs.

1.25% BUTTERFAT:	1,520 - 1,700
------------------	---------------

WHOLE MILK POWDER (WMP): Whole milk powder market activity remains light. Production is declining as seasonal milk production edges lower throughout Europe. Stocks of powder are sufficient for current buyer interest. As in other manufactured dairy products, handlers are being patient for future improved buyer interest.

26% BUTTERFAT:	1,700 - 1,850
----------------	---------------

SWEET WHEY POWDER: Whey powder markets are steady to slightly firmer. Buying interest is light and unaggressive. A recent Japanese feed use whey tender of around 2,100 MT was largely sourced from the United States and Canada at bid prices between \$485 - 525 per MT C&F Japan.

NONHYGROSCOPIC:	450 - 550
-----------------	-----------

OVERVIEW - EASTERN EUROPE: As in Western Europe, Eastern European milk production is declining seasonally. Milk production patterns were slow to increase in the spring, but now are declining at rates typical for this time of the year. The heavy rains and flooding of the past month or so have now ceased and conditions are slowly returning to normal. Stocks of manufactured dairy products range from in balance to lighter than desired. Trading out of Eastern Europe is active for domestic needs, but generally minimal for export. Much conversation continues to center around what will Russia's needs be during the upcoming winter months.

OCEANIA

OVERVIEW: Milk production in most areas of Oceania is showing signs of seasonal increases. In Australia, where conditions remain drier than desired, output is building slowly in the milk producing areas of the country. Subsoil moisture levels are low which is giving dairy producers and handlers much concern. Australian producers are having to build seasonally from lower levels than in past years. In New Zealand, conditions are much different. The winter season has basically been warm and dry. Some contacts are reporting early spring conditions as nearly excellent. Grass growth is good and earlier than can be fully utilized. Dairy producers have bred their dairy herd to freshen at slightly later times, thus not able to take full advantage of good grazing conditions. Trading activity of manufactured dairy products remains slow and unaggressive. Although buyer interest is light, many handlers have or are securing potential markets for their dairy products for the upcoming production season. Early season production projections are ranging from a conservative 1% increase to as much as 3 - 4% over last season.

BUTTER: Butter markets are steady at unchanged prices. Churning schedules are seasonally low, but will be increasing as seasonal milk production increases. Oceania butter producers are readying butter operations for the upcoming production season. Stocks of butter are in balance for current needs. Buying interest remains light. Many handlers are still unsure about what Russian needs will be during their upcoming winter season.

82% BUTTERFAT:	1,450 - 1,550
----------------	---------------

CHEDDAR CHEESE: Cheese prices are steady to lower. As seasonal milk production increases, so is cheese output. Although it is still early in the milk production cycle, cheese producers anticipate cheese output during the 97 - 98 production season to be at or slightly higher than last year. As in other manufactured dairy products, current trading activity continues to center around previous year commitments. Stocks to fill this demand are reported to be in balance. As the new production season gets underway, producers and handlers are actively looking for potential buyers.

39% MAXIMUM MOISTURE:	2,000 - 2,150
-----------------------	---------------

SKIM MILK POWDER (SMP): Skim powder markets are generally steady at unchanged prices. Trading activity remains light, although as the new production season gets underway, potential sales outlets are being explored and, in instances, secured. Current trading activity is being filled from product produced last season. In most instances, stocks remain sufficient for current needs.

1.25% BUTTERFAT:	1,600 - 1,700
------------------	---------------

WHOLE MILK POWDER (WMP): Whole milk powder production is starting to increase seasonally. In Oceania, especially New Zealand, whole milk powder production is usually the first manufactured dairy product of the season to be made in significant volumes. Current buying interest remains slow. Most trading activity that is occurring is from commitments of last season and sales are being filled from last season production. All-in-all, handlers are comfortable with current supplies in relation to needs.

26% BUTTERFAT:	1,650 - 1,700
----------------	---------------

Exchange rates for selected foreign currencies: August 25, 1997

.4882 Dutch Guilder	.5496 German Mark
.1630 French Franc	.6465 New Zealand Dollar
.1290 Mexican Peso	.7464 Australian Dollar
1.6065 British Pound	.0084 Japanese Yen
.2873 Polish Zloty	

To compare the value of 1 US Dollar to Mexican Pesos: (1/.1290) = 7.7519.
That is 1 US Dollar equals 7.7519 Mexican Pesos.

Source: "Wall Street Journal"

DAIRY STOCKS THREATEN PRICE RISES

Heavy commercial stocks, particularly of nonfat dry milk and American cheese, loom as the greatest threat to additional recovery in prices of milk and dairy products. July 1 holdings were more than 1 billion pounds, milk equivalent, above a year earlier--a significantly larger supply boost than the expected second-half increase in milk production. Although further seasonal price rises are anticipated, they probably will be fairly modest unless stocks can be reduced sharply and quickly.

Weak spring movement of cheese was the most important contributor to the stock buildup. Sluggish sales increased cheese inventories directly and also eliminated the need for normal growth in cheese production. More milk went into butter-nonfat dry milk manufacture while use of powder in cheese production plummeted, generating soaring stocks of nonfat dry milk.

July 1 stocks of American cheese varieties were 18 percent higher than a year earlier, far outweighing the small decline in holdings of other varieties. These stocks were large but still where a rebound in cheese sales could bring them back into line fairly quickly. The sharp price increases since mid-July indicate that such a recovery may have occurred. However, any additional cheese price rises are likely to draw large quantities of skim solids away from the overburdened nonfat dry milk market.

Manufacturers' stocks of nonfat dry milk on July 1 were more than double those of a year earlier and even much larger than the heavy stocks of mid-1995. Exports under the Dairy Export Incentive Program (DEIP) will reduce stocks in coming months, but additional large sales for quick shipment would be needed to have a major effect on second-half prices. A significant share of the recent surge in DEIP business was for shipment in late 1997. Sales to the government under the price support program may prove necessary to bring stocks under control, even with improved use of skim milk in cheese.

Stocks of butter on July 1 were twice the level reported for a year earlier. However, most of this apparent rise was due to this year's improved coverage of warehouses holding butter. Butter stocks did not appear to be out of line with seasonal needs. Similarly, stocks of canned and dry whole milk were quite moderate.

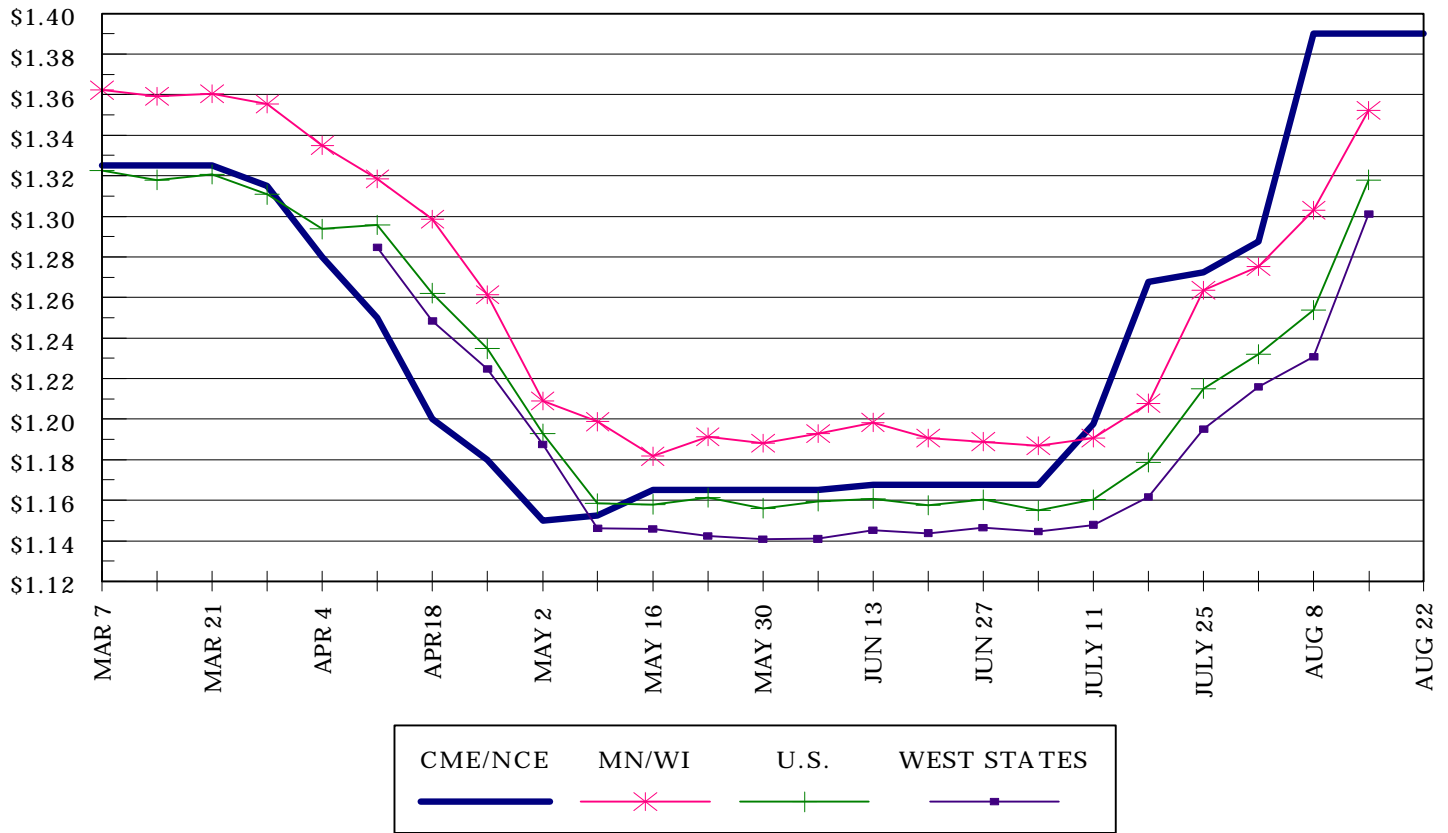
QUARTERLY AND ANNUAL FORECASTS

Item	1997 III	1997 IV	1998 I	ANNUAL	
				1997	1998
<u>Million pounds</u>					
Supply/Demand (mf basis)					
Milk Production	38,400	38,100	39,100	155,999	156,600
Commercial use	39,400	39,300	38,600	156,220	157,700
Net removals	400	300	400	1,082	1,100
<u>Dollars per cwt.</u>					
Market Prices					
Milk, all at plant	12.00-13.00	13.50-14.50	13.30-13.90	12.80-13.60	12.90-13.80
Milk, Basic Formula Price	11.30-12.30	12.20-13.20	11.90-12.30	11.50-12.30	11.80-12.60

Source: "Livestock, Dairy, and Poultry Monthly", LDP-M-44, August 15, 1997, Economic Research Service, USDA, Washington, DC. For more information, contact James J. Miller, (202) 219-0834 or <JJMILLER@econ.ag.gov>.

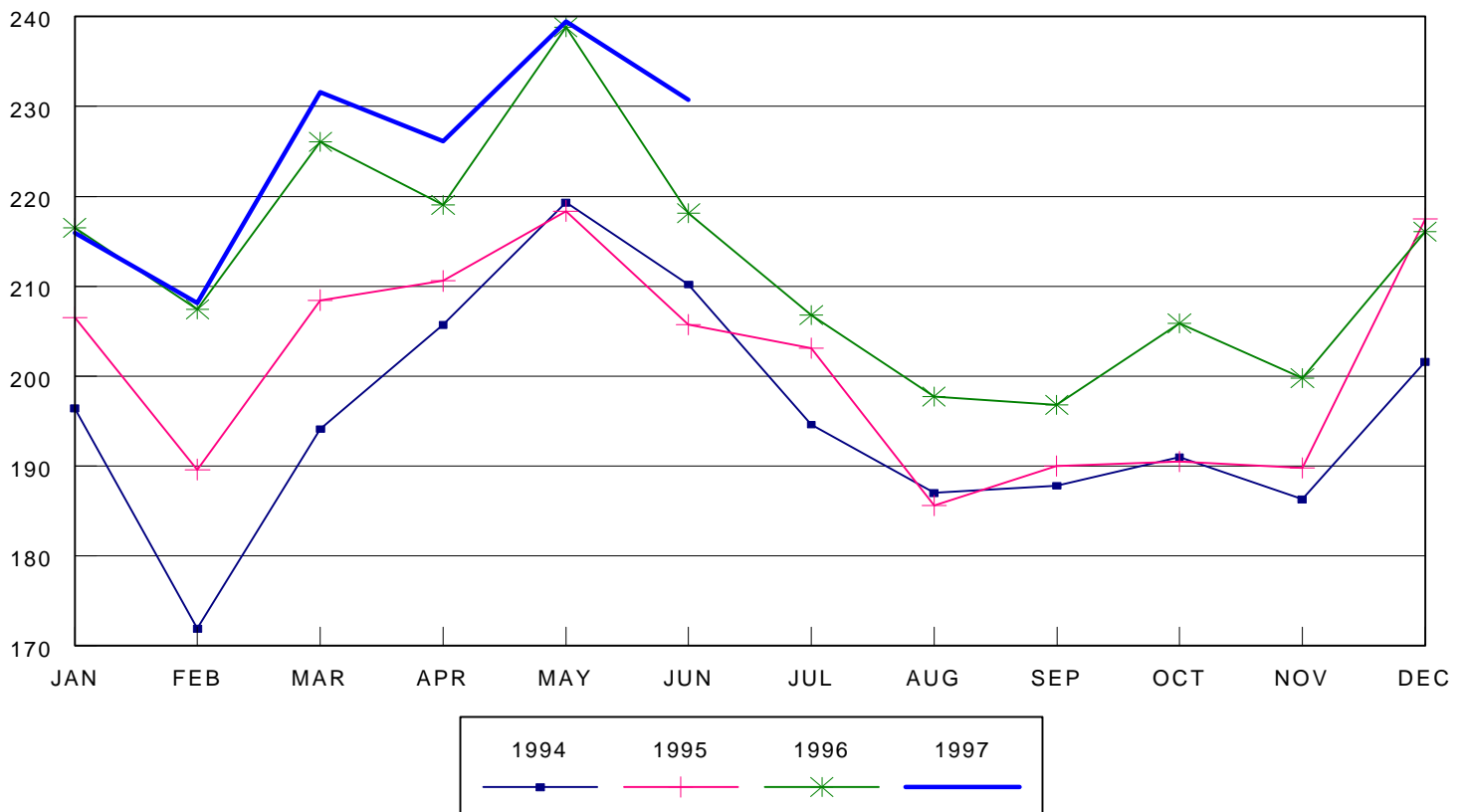
NASS BLOCK PRICES COMPARED TO CHICAGO MERCANTILE EXCHANGE CASH BLOCK PRICE

PER POUND



U.S. CHEDDAR CHEESE OUTPUT

MILLION POUNDS



NASS DATA, GRAPH BY DAIRY MARKET NEWS

MONTHLY SUMMARY AND AVERAGES FOR AUGUST 1997 1/ - (UNLESS OTHERWISE NOTED, PRICES ARE DOLLARS PER POUND, CL/TL)

COMMODITY	REPORT NUMBER 31	REPORT NUMBER 32	REPORT NUMBER 33	REPORT NUMBER 34	REPORT NUMBER 35	1997	1996
	AUG 01	AUG 04 - 08	AUG 11 - 15	AUG 18 - 22	AUG 25 - 29	or Total	or Total
BUTTER							
CHICAGO (WSP) 2/ (Delivered in Bulk in Fiber Boxes) (Prices Issued Tues, Thurs and Fri)							
TUESDAY							
-- Grade AA	::	:: 1.1000 - 1.1100	:: 1.1100 - 1.1200	:: 1.1100 - 1.1200	:: 1.0800 - 1.0900	::	::
-- Grade A	::	:: 1.0200 - 1.0300	:: 1.0200 - 1.0300	:: 1.0300 - 1.0400	:: 1.0100 - 1.0200	::	::
THURSDAY							
-- Grade AA	::	:: 1.1000 - 1.1100	:: 1.1100 - 1.1200	:: 1.1100 - 1.1200	:: 1.0800 - 1.0900	::	::
-- Grade A	::	:: 1.0200 - 1.0300	:: 1.0200 - 1.0300	:: 1.0300 - 1.0400	:: 1.0100 - 1.0200	::	::
FRIDAY							
-- Grade AA	::	:: 1.1000 - 1.1100	:: 1.1000 - 1.1100	:: 1.1100 - 1.1200	:: 1.0800 - 1.0900	:: 1.1050	:: 1.5350
-- Grade A	::	:: 1.0200 - 1.0300	:: 1.0200 - 1.0300	:: 1.0300 - 1.0400	:: 1.0100 - 1.0200	:: 1.0250	:: 1.4550
CHICAGO MERCANTILE EXCHANGE 3/							
-- Grade AA	::	:: 1.1000	:: 1.1100	:: 1.1100	:: 1.0800	:: 1.0300	:: 1.0932
-- Grade A	::	:: 1.0200	:: 1.0200	:: 1.0300	:: 1.0100	:: 0.9500	:: 1.0132
-- Grade B	::	:: 1.0100	:: 1.0100	:: 1.0200	:: 1.0100	:: 0.9300	:: 1.0045
CENTRAL STATES PRINT (f.o.b. LTL)							
-- Grade AA, 1/4 Lb. Prints	::	:: 1.2000 - 1.6075	:: 1.2000 - 1.6075	:: 1.2100 - 1.6175	:: 1.2100 - 1.6175	:: 1.1800 - 1.5875	:: 1.4038
-- Grade AA, 1 Lb. Prints	::	:: 1.1650 - 1.3275	:: 1.1650 - 1.3275	:: 1.1750 - 1.3375	:: 1.1750 - 1.3375	:: 1.1450 - 1.3075	:: 1.2463
-- Grade AA, Chips/Patties	::	:: 1.1900 - 1.4000	:: 1.1900 - 1.4000	:: 1.2000 - 1.4100	:: 1.2000 - 1.4100	:: 1.1700 - 1.3800	:: 1.2950
-- Grade AA, Reddies	::	:: 1.2750 - 1.5100	:: 1.2750 - 1.5100	:: 1.2850 - 1.5200	:: 1.2850 - 1.5200	:: 1.2550 - 1.4900	:: 1.3925
-- Grade AA, Continentals	::	:: 1.4300 - 1.6200	:: 1.4300 - 1.6200	:: 1.4400 - 1.6300	:: 1.4400 - 1.6300	:: 1.4100 - 1.6000	:: 1.5250
NORTHEAST PRINT (Delivered, LTL)							
-- Grade AA, 1/4 Lb. Prints	::	:: 1.3100 - 1.5575	:: 1.3100 - 1.5575	:: 1.3200 - 1.5675	:: 1.3200 - 1.5675	:: 1.2900 - 1.5375	:: 1.4338
-- Grade AA, 1 Lb. Prints	::	:: 1.2250 - 1.4075	:: 1.2250 - 1.4075	:: 1.2350 - 1.4175	:: 1.2350 - 1.4175	:: 1.2050 - 1.3875	:: 1.3163
-- Grade AA, Chips/Patties	::	:: 1.2875 - 1.4575	:: 1.2875 - 1.4575	:: 1.2975 - 1.4675	:: 1.2975 - 1.4675	:: 1.2675 - 1.4375	:: 1.3725
-- Grade AA, Reddies	::	:: 1.3625 - 1.5575	:: 1.3625 - 1.5575	:: 1.3725 - 1.5675	:: 1.3725 - 1.5675	:: 1.3425 - 1.5375	:: 1.4600
-- Grade AA, Continentals	::	:: 1.4425 - 1.6175	:: 1.4425 - 1.6175	:: 1.4525 - 1.6275	:: 1.4525 - 1.6275	:: 1.4225 - 1.5975	:: 1.5300
CALIFORNIA PRINT (Delivered, LTL)							
-- Grade AA, 1/4 Lb. Prints	::	:: 1.3825 - 1.4300	:: 1.3825 - 1.4300	:: 1.3825 - 1.4300	:: 1.3925 - 1.4400	:: 1.3625 - 1.4100	:: 1.4039
-- Grade AA, 1 Lb. Prints	::	:: 1.3125 - 1.3725	:: 1.3125 - 1.3725	:: 1.3125 - 1.3725	:: 1.3225 - 1.3825	:: 1.2925 - 1.3525	:: 1.3401
-- Grade AA, Patties	::	:: 1.3550 - 1.5200	:: 1.3550 - 1.5200	:: 1.3550 - 1.5200	:: 1.3650 - 1.5300	:: 1.3350 - 1.5000	:: 1.4351
-- Grade AA, Reddies	::	:: 1.4800 - 1.4975	:: 1.4800 - 1.4975	:: 1.4800 - 1.4975	:: 1.4900 - 1.5075	:: 1.4600 - 1.4775	:: 1.4864
CALIFORNIA PLANTS PRINT (f.o.b. LTL)							
-- Grade AA, 1/4 Lb. Prints	::	:: 1.0975 - 1.1375	:: 1.0975 - 1.1375	:: 1.0975 - 1.1375	:: 1.1075 - 1.1475	:: 1.0775 - 1.1175	:: 1.1151
CHEESE							
CHICAGO MERCANTILE EXCHANGE 3/							
-- Barrels	::	:: 1.2900	:: 1.3400	:: 1.3350	:: 1.3350	:: 1.3056	:: 1.5952
-- 40# Blocks	::	:: 1.3900	:: 1.3900	:: 1.3900	:: 1.3925	:: 1.3705	:: 1.6358
WISCONSIN ASSEMBLY POINTS (f.o.b.)							
-- Cheddar Barrels	::	:: 1.1900 - 1.2100	:: 1.2200 - 1.2400	:: 1.2800 - 1.3000	:: 1.3300 - 1.3500	:: 1.3250 - 1.3450	:: 1.2940
-- Cheddar 40# Blocks	::	:: 1.2825 - 1.3025	:: 1.2975 - 1.3175	:: 1.3900 - 1.4200	:: 1.3900 - 1.4200	:: 1.3900 - 1.4200	:: 1.3764
WISCONSIN (WSP, Delivered, LTL)							
-- Process American 5# Loaf	::	:: 1.4850 - 1.5425	:: 1.4850 - 1.5625	:: 1.4850 - 1.6025	:: 1.4975 - 1.6375	:: 1.4975 - 1.6350	:: 1.5486
-- Brick And/Or Muenster 5#	::	:: 1.5300 - 1.7300	:: 1.5300 - 1.7450	:: 1.6100 - 1.8475	:: 1.6100 - 1.8475	:: 1.6300 - 1.8475	:: 1.7047
-- Cheddar 40# Block	::	:: 1.5250 - 1.9150	:: 1.5400 - 1.9150	:: 1.6400 - 1.9150	:: 1.6400 - 1.9150	:: 1.6400 - 1.9150	:: 1.7629
-- Monterey Jack 10#	::	:: 1.7200 - 1.9150	:: 1.7200 - 1.9150	:: 1.8100 - 1.9150	:: 1.8100 - 1.9150	:: 1.8300 - 1.9150	:: 1.8520
-- Blue 5#	::	:: 1.8775 - 2.0700	:: 1.8925 - 2.0700	:: 1.9925 - 2.1600	:: 1.9925 - 2.1600	:: 1.9925 - 2.1800	:: 2.0511
-- Mozzarella 5 - 6#	::	:: 1.6475 - 1.9150	:: 1.6475 - 1.9150	:: 1.6700 - 1.9150	:: 1.6700 - 1.9150	:: 1.6900 - 1.9150	:: 1.7917
-- Grade A Swiss Cuts 6 - 9#	::	:: 2.1000 - 2.4850	:: 2.1000 - 2.4850	:: 2.1000 - 2.4850	:: 2.1000 - 2.4850	:: 2.1000 - 2.4850	:: 2.2925
NORTHEAST (WSP, Delivered, LTL)							
-- Cheddar 10# Prints	::	:: 1.1825 - 1.7550	:: 1.2400 - 1.7700	:: 1.2400 - 1.8725	:: 1.2400 - 1.8725	:: 1.2400 - 1.8725	:: 1.5399
-- Cheddar Single Daisies	::	:: 1.1525 - 1.7500	:: 1.2100 - 1.7650	:: 1.2100 - 1.8775	:: 1.2100 - 1.8775	:: 1.2100 - 1.8775	:: 1.5260
-- Cheddar 40# Block	::	:: 1.4100 - 1.5600	:: 1.4250 - 1.5750	:: 1.5275 - 1.6775	:: 1.5275 - 1.6775	:: 1.5275 - 1.6775	:: 1.5725
-- Process 5# Loaf	::	:: 1.3650 - 1.4750	:: 1.4225 - 1.4975	:: 1.4225 - 1.5575	:: 1.4225 - 1.7000	:: 1.4225 - 1.6950	:: 1.5129
-- Process 5# Sliced	::	:: 1.3750 - 1.5725	:: 1.4325 - 1.6050	:: 1.4325 - 1.6650	:: 1.4325 - 1.7350	:: 1.4325 - 1.7300	:: 1.5541
-- Muenster	::	:: 1.4525 - 1.7400	:: 1.4675 - 1.7975	:: 1.5700 - 1.8875	:: 1.5700 - 1.8875	:: 1.5700 - 1.8875	:: 1.6995
-- Grade A Swiss Cuts 10 - 14#	::	:: 2.2500 - 2.5050	:: 2.2500 - 2.5050	:: 2.2500 - 2.5050	:: 2.2500 - 2.5050	:: 2.2500 - 2.5050	:: 2.3775
WEST COAST (WSP, Delivered, LTL)							
-- Process 5# Loaf	::	:: 1.3900 - 1.6900	:: 1.4200 - 1.6900	:: 1.4600 - 1.7125	:: 1.4975 - 1.7825	:: 1.4975 - 1.7775	:: 1.6016
-- Cheddar 40# Block	::	:: 1.4550 - 1.7300	:: 1.4700 - 1.7300	:: 1.5725 - 1.7300	:: 1.5725 - 1.7300	:: 1.5725 - 1.7300	:: 1.6363
-- Cheddar 10# Cuts	::	:: 1.6900 - 1.7950	:: 1.7050 - 1.8100	:: 1.7500 - 1.9125	:: 1.7500 - 1.9125	:: 1.7500 - 1.9125	:: 1.8095
-- Monterey Jack 10#	::	:: 1.6500 - 1.7800	:: 1.6650 - 1.7800	:: 1.7150 - 1.8750	:: 1.7150 - 1.8750	:: 1.7150 - 1.8750	:: 1.7739
-- Grade A Swiss Cuts 6 - 9#	::	:: 2.3375 - 2.5600	:: 2.3375 - 2.5600	:: 2.3375 - 2.5600	:: 2.3375 - 2.5600	:: 2.3375 - 2.5600	:: 2.4488

MONTHLY SUMMARY AND AVERAGES FOR AUGUST 1997 1/ - (UNLESS OTHERWISE NOTED, PRICES ARE DOLLARS PER POUND, CL/TL)

COMMODITY	REPORT NUMBER 31	REPORT NUMBER 32	REPORT NUMBER 33	REPORT NUMBER 34	REPORT NUMBER 35	1997	1996
	AUG 01	AUG 04 - 08	AUG 11 - 15	AUG 18 - 22	AUG 25 - 29	Average	Average
						or Total	or Total
FLUID AND DRY PRODUCTS							
SPOT PRICES OF CLASS II CREAM (\$ per lb. butterfat)							
Delivered Equivalent:							
-- Northeast	1.4484 - 1.5912	1.4790 - 1.5912	1.4790 - 1.5912	1.5450 - 1.6789	1.4948 - 1.6160	1.5575	2.0743
-- Atlanta	1.4484 - 1.5708	1.4484 - 1.5708	1.4484 - 1.5708	1.5085 - 1.6480	1.4645 - 1.5655	1.5272	2.1025
-- Upper Midwest	1.3872 - 1.5400	1.4586 - 1.5400	1.4586 - 1.5708	1.4935 - 1.5862	1.4645 - 1.5554	1.5135	2.0989
SPOT PRICES OF CONDENSED SKIM (\$ per lb. wet solids)							
Delivered Equivalent:							
-- Northeast	0.9500 - 1.0200	0.9500 - 1.0500	0.9500 - 1.0500	0.9500 - 1.0500	0.9500 - 1.0500	0.9993	1.2019
WISCONSIN FLUID MILK SHIPMENTS							
-- Loads Shipped from Wisconsin Shipping Points		21	0	0	61	82	314
NATIONAL EVAPORATED MILK (\$ per Case)							
(Case - 48 - 12 fluid oz cans)							
-- Delivered Major U.S. Cities	22.5000 - 33.0000	22.5000 - 33.0000	22.5000 - 33.0000	22.5000 - 33.0000	22.5000 - 33.0000	27.7500	25.3886
NONFAT DRY MILK							
-- Central (f.o.b.)							
-- Extra And Grade A	1.0500 - 1.0900	1.0500 - 1.0900	1.0500 - 1.0950	1.0500 - 1.0950	1.0500 - 1.0950	1.0718	1.3091
-- Mostly	1.0600 - 1.0700	1.0600 - 1.0700	1.0600 - 1.0700	1.0550 - 1.0650	1.0550 - 1.0650	1.0626	1.2870
-- West (f.o.b.)							
-- Low/Medium Heat	1.0325 - 1.0650	1.0350 - 1.0675	1.0325 - 1.0650	1.0325 - 1.0650	1.0300 - 1.0675	1.0493	1.2381
-- Mostly	1.0375 - 1.0500	1.0375 - 1.0500	1.0375 - 1.0500	1.0375 - 1.0500	1.0350 - 1.0500	1.0435	1.2339
-- High Heat	1.0600 - 1.0800	1.0600 - 1.0800	1.0600 - 1.0800	1.0575 - 1.0800	1.0575 - 1.0800	1.0694	1.2877
-- Northeast (f.o.b.)							
-- Extra & Grade A	1.0500 - 1.1400	1.0500 - 1.1400	1.0500 - 1.1400	1.0500 - 1.1400	1.0200 - 1.1400	1.0914	1.3268
-- Southeast (Delvd)							
-- Extra & Grade A	1.0900 - 1.1200	1.0750 - 1.1200	1.0700 - 1.1200	1.0700 - 1.1200	1.0500 - 1.1050	1.0919	1.3459
WHEY POWDER (Nonhygroscopic)							
-- Central (f.o.b.)	0.2150 - 0.2325	0.2175 - 0.2350	0.2175 - 0.2350	0.2175 - 0.2350	0.2225 - 0.2375	0.2270	0.2427
-- Mostly	0.2200 - 0.2250	0.2225 - 0.2275	0.2225 - 0.2275	0.2225 - 0.2300	0.2250 - 0.2300	0.2258	0.2385
-- West (f.o.b.)	0.2050 - 0.2350	0.2100 - 0.2400	0.2100 - 0.2400	0.2025 - 0.2300	0.2050 - 0.2300	0.2209	0.2160
-- Mostly	0.2100 - 0.2200	0.2100 - 0.2200	0.2100 - 0.2200	0.2100 - 0.2200	0.2075 - 0.2200	0.2147	0.2094
-- Northeast Extra Grade (f.o.b.)	0.2200 - 0.2350	0.2200 - 0.2350	0.2250 - 0.2350	0.2250 - 0.2350	0.2250 - 0.2350	0.2293	0.2369
-- Northeast Upsh Grade A(f.o.b.)	0.2350 - 0.2500	0.2350 - 0.2500	0.2350 - 0.2500	0.2350 - 0.2500	0.2350 - 0.2500	0.2425	0.2420
-- Southeast Extra Grade (Delvd)	0.2400 - 0.2625	0.2400 - 0.2625	0.2400 - 0.2700	0.2400 - 0.2700	0.2400 - 0.2725	0.2542	0.2650
WHEY PROTEIN CONCENTRATE							
-- Central And West (f.o.b.)							
-- Extra Grade 34% Protein	0.6000 - 0.6400	0.6000 - 0.6500	0.6000 - 0.6500	0.6000 - 0.6500	0.6000 - 0.6400	0.6236	0.6726
-- Mostly	0.6200 - 0.6300	0.6250 - 0.6300	0.6250 - 0.6300	0.6250 - 0.6300	0.6200 - 0.6300	0.6268	0.6791
ANIMAL FEED - WHEY							
-- Central (f.o.b.)							
-- Milk Replacer	0.1975 - 0.2175	0.1975 - 0.2175	0.1975 - 0.2200	0.1975 - 0.2200	0.1975 - 0.2200	0.2084	0.2289
-- Standard	TFEWR	TFEWR	TFEWR	TFEWR	TFEWR	TFEWR	0.2169
-- Roller Ground	0.2225 - 0.2400	0.2250 - 0.2400	0.2275 - 0.2400	0.2275 - 0.2400	0.2275 - 0.2400	0.2333	0.2403
-- Delactose	0.3350 - 0.3600	0.3350 - 0.3600	0.3350 - 0.3600	0.3350 - 0.3600	0.3350 - 0.3600	0.3475	0.3864
-- Northeast (f.o.b.)							
-- Milk Replacer	0.2050 - 0.2150	0.2050 - 0.2150	0.2050 - 0.2150	0.2050 - 0.2150	0.2050 - 0.2150	0.2100	TFEWR
BUTTERMILK (Min. 30% protein)							
-- Central (f.o.b.)	1.0200 - 1.1050	1.0200 - 1.1050	1.0200 - 1.1050	1.0200 - 1.1050	1.0200 - 1.1050	1.0625	1.5159
-- West (f.o.b.)	1.0200 - 1.0700	1.0000 - 1.1200	1.0000 - 1.0700	1.0000 - 1.0700	1.0000 - 1.0700	1.0414	1.5415
-- Mostly	1.0200 - 1.0400	1.0000 - 1.0400	1.0000 - 1.0400	1.0000 - 1.0400	1.0000 - 1.0400	1.0205	TFEWR
-- Northeast (f.o.b.)	1.0550 - 1.0850	1.0600 - 1.0850	1.0550 - 1.0850	1.0550 - 1.0850	1.0550 - 1.0800	1.0700	1.3875
-- Southeast (Delvd)	1.0975 - 1.1400	1.0975 - 1.1400	1.0725 - 1.1400	1.0800 - 1.1400	1.0725 - 1.1400	1.1107	TFEWR
WHOLE MILK POWDER							
-- National							
-- F.O.B. Producing Plant	1.1800 - 1.2400	1.1800 - 1.2400	1.1800 - 1.2400	1.2100 - 1.3000	1.2400 - 1.3000	1.2350	1.4691
LACTOSE							
-- Central And West (f.o.b.)	0.2000 - 0.2800	0.2000 - 0.2800	0.2000 - 0.2800	0.2000 - 0.2800	0.2000 - 0.2800	0.2400	0.2036
-- Mostly	0.2150 - 0.2500	0.2150 - 0.2500	0.2100 - 0.2500	0.2100 - 0.2500	0.2100 - 0.2500	0.2307	0.1964
CASEIN - Edible - National (f.o.b.)							
-- Nonrestricted - Rennet	2.2000 - 2.2800	2.2000 - 2.2800	2.2000 - 2.2800	2.2000 - 2.2800	2.2000 - 2.2800	2.2400	2.5182
-- Nonrestricted - Acid	2.0000 - 2.1000	2.0000 - 2.1000	2.0000 - 2.1000	2.0000 - 2.1000	2.0000 - 2.1000	2.0500	2.4977

1/ Prices for all products not footnoted 2/ or 3/ are issued once a week and represent a value for the entire week. Monthly averages are based on weekly prices and are time-weighted according to the number of workdays in the month - Saturdays, Sundays and National Holidays excluded. No monthly average is computed if one or more weekly prices are missing. 2/ The monthly averages are simple averages of all the prices reported during the month and are shown on the Friday line. 3/ The monthly averages are based on the exchange trading date prices and are time-weighted for each day, starting with the exchange trading date, until the next exchange trading date - Saturdays, Sundays, and National Holidays are included.

CCC PURCHASES OF DAIRY PRODUCTS

	FOR THE WEEK OF AUGUST 25 - 29, 1997				CUMULATIVE TOTALS		UNCOMMITTED INVENTORIES		
	TOTAL	CONTRACT	ADJUSTED	SINCE	SAME PERIOD	PERIOD ENDING	SAME PERIOD		
	PURCHASES	ADJUSTMENTS	PURCHASES	10/01/96	LAST YEAR	08/22/97	LAST YEAR		
<u>BUTTER</u>									
Bulk	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Packaged	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
<u>TOTAL</u>	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
<u>CHEESE</u>									
Block	-0-	-0-	-0-	330,284	-0-	-0-	-0-	-0-	-0-
Barrel	-0-	-0-	-0-	392,874	-0-	-0-	-0-	-0-	-0-
Process	-0-	-0-	-0-	1,184,400	-0-	-0-	-0-	-0-	-0-
<u>TOTAL</u>	-0-	-0-	-0-	1,907,558	-0-	-0-	-0-	-0-	-0-
<u>NONFAT DRY MILK</u>									
Nonfortified	2,528,570	-0-	2,528,570	18,502,570	-0-	-0-	-0-	-0-	-0-
Fortified	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
<u>TOTAL</u>	2,528,570	-0-	2,528,570	18,502,570	-0-	-0-	-0-	-0-	-0-

MILK EQUIVALENT, MILKFAT AND SKIM SOLIDS BASIS, OF ADJUSTED PURCHASES (MILLION POUNDS)

	MILKFAT*	SKIM**	MILKFAT*	SKIM**
	BASIS	SOLIDS	BASIS	SOLIDS
WEEK OF AUGUST 25 - 29, 1997 =	0.6	29.4	COMPARABLE WEEK IN 1996 =	0.0
CUMULATIVE SINCE OCTOBER 1, 1996 =	21.7	234.3	CUMULATIVE SAME PERIOD LAST YEAR =	0.0
CUMULATIVE JANUARY 1 - AUGUST 29, 1997 =	21.7	234.3	COMPARABLE CALENDAR YEAR 1996 =	0.0

* Factors used for Milkfat Solids Basis: Butter times 21.80; Cheese times 9.23; and Nonfat Dry Milk times 0.22

**Factors used for Skim Solids Basis: Butter times 0.12; Cheese times 9.90; and Nonfat Dry Milk times 11.64

CCC ADJUSTED PURCHASES SINCE 10/1/96 AND SAME PERIOD LAST YEAR (POUNDS) AND MILK EQUIVALENT AS A PERCENT OF TOTAL

	BUTTER		CHEESE		NONFAT DRY MILK		MILK EQUIVALENT	
REGION	1996/97	1995/96	1996/97	1995/96	1996/97	1995/96	1996/97	1995/96
MIDWEST	-0-	-0-	1,514,684	-0-	-0-	-0-	64.5	0.0
WEST	-0-	-0-	392,874	-0-	18,502,570	-0-	35.5	0.0
EAST	-0-	-0-	-0-	-0-	-0-	-0-	0.0	0.0
<u>TOTAL</u>	-0-	-0-	1,907,558	-0-	18,502,570	-0-	100.0	0.0

SUPPORT PURCHASE PRICES FOR DAIRY PRODUCTS PRODUCED ON OR AFTER JANUARY 1, 1997MANUFACTURING MILK: Average Test 3.67% - \$10.20 per cwt.; 3.5% - \$10.10DOLLARS PER POUNDBUTTER: Bulk \$.6500; 1# Prints \$.6800CHEESE: 40 & 60# Blocks \$1.1300; 500# Barrels \$1.1000; Process American 5# \$1.1825; Process American 2# \$1.2225NONFAT DRY MILK: Nonfortified \$1.0470; Fortified \$1.0570; Instant \$1.2045Dairy Cow & Total Cow Slaughter under Federal Inspection, by Regions & U.S., for Week Ending 08/09/97 & Comparable Week 1996

Daily Cow & Total Cow Slaughter under Federal Inspection, by Regions & U.S.; for Weeks Ending 10th of Month, 1996-1997											U.S. TOTAL : % DAIRY OF ALL																		
Regions*		:	1	:	2	:	3**	:	4**	:	5	:	6	:	7	:	8	:	9	:	10	:	WEEK : SINCE JAN 1:	WEEK : SINCE JAN 1	:	WEEK : SINCE JAN 1			
1997-Dairy cows	HD (000)	:	0.4	:	1.6	:	---	:	10.9	:	20.8	:	3.0	:	3.7	:	1.5	:	8.2	:	2.9	:	53.1	:	1,756.6	:	45.3	:	45.8
1996-Dairy cows	HD (000)	:	0.3	:	1.3	:	---	:	11.8	:	21.6	:	2.1	:	5.1	:	1.2	:	8.0	:	2.9	:	54.5	:	1,797.8	:	42.4	:	43.5
1997-All cows	HD (000)	:	0.5	:	1.6	:	---	:	24.0	:	29.0	:	18.0	:	19.3	:	7.3	:	11.1	:	6.4	:	117.3	:	3,834.2	:		:	
1996-All cows	HD (000)	:	0.4	:	1.4	:	---	:	26.1	:	28.9	:	23.5	:	20.7	:	9.6	:	11.1	:	6.7	:	128.4	:	4,137.3	:	**REGION 3 & 4 COMBINED**		

*For source, states included in each region, and historical data, see "Dairy Market News", Vol. 55, Report No. 31

CCC MARKET PRICE INVITATIONS POUNDS

<u>CHEESE</u>	<u>OCTOBER DELIVERY</u>
PROCESS	
PROCESS SLICED	237,600 \$1.4410-1.4650
MOZZARELLA	
MOZZARELLA	1,330,560 \$1.3880-1.4180
LITE SHREDDED	120,960 \$1.5060-1.5160

NONFAT DRY MILK

INSTANT 12/25.6 OZ	349,440 \$1.3359-1.4008
INSTANT 6/4 POUND	217,728 \$1.2819-1.3274
NONFORTIFIED - 25 KG	386,909 \$1.0925-1.1115

CUMULATIVE TOTAL CHEESE PURCHASES SINCE 10/1/96 = 89,409,375

CUMULATIVE TOTAL NDM PURCHASES SINCE 10/1/96 = 12,521,747

BASIC FORMULA PRICE (BFP), MAY 1995* TO DATE & HISTORIC M-W (3.5% BF, \$/CWT.)

YEAR	JAN.	FEB.	MAR.	APR.	MAY	JUN.	JUL.	AUG.	SEP.	OCT.	NOV.	DEC.
1994	12.41	12.41	12.77	12.99	11.51	11.25	11.41	11.73	12.04	12.29	11.86	11.38
1995	11.35	11.79	11.89	11.16	*11.12	11.42	11.23	11.55	12.08	12.61	12.87	12.91
1996	12.73	12.59	12.70	13.09	13.77	13.92	14.49	14.94	15.37	14.13	11.61	11.34
1997	11.94	12.46	12.49	11.44	10.70	10.74	10.86					